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PIPELINE SAFETY REAUTHORIZATION

AUGUST 11, 1986.—Ordered to be printed

Mr. DINGELL, from the Committee on Energy and Commerce, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 4426 which on March 17, 1986, was referred jointly to the Committee on Energy and Commerce and the Committee on Public Works and Transportation]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 4426) authorizing natural gas and hazardous liquid pipeline safety programs for fiscal year 1987, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. NATURAL GAS PIPELINE SAFETY AUTHORIZATION.

(a) IN GENERAL.—Section 17(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(a)) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting a semicolon; and

(3) by adding at the end the following new paragraphs:

"(5) $3,200,000 for the fiscal year ending September 30, 1987; and

"(6) $3,300,000 for the fiscal year ending September 30, 1988.".

(b) GRANTS.—Section 17(c) of such Act (49 U.S.C. App. 1684(c)) is amended by inserting ", $4,500,000 for the fiscal year ending September 30, 1987, and $4,500,000 for the fiscal year ending September 30, 1988" after "September 30, 1986".

SEC. 2. HAZARDOUS LIQUID PIPELINE SAFETY AUTHORIZATION.

Section 214(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2013(a)) is amended—

(1) by striking "and" at the end of paragraph (3);

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(2) by striking the period at the end of paragraph (4) and inserting a semicolon; and

(3) by adding at the end the following new paragraphs:

"(5) $800,000 for the fiscal year ending September 30, 1987; and

"(6) $800,000 for the fiscal year ending September 30, 1988.".

SEC. 3. REPORTING OF SAFETY-RELATED CONDITIONS.

(a) AMENDMENTS TO NATURAL GAS PIPELINE SAFETY ACT OF 1968.—

(1) REPORTING REQUIREMENT.—Section 3(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1672(a)) is amended by adding at the end a new paragraph as follows:

"(3) Not later than 12 months after the date of the enactment of this paragraph, the Secretary shall issue regulations requiring each person who operates pipeline facilities, not including master meters, to report to the Secretary—

"(A) any condition that constitutes a hazard to life or property, and

"(B) any safety-related condition that causes or has caused a significant change or restriction in the operation of pipeline facilities.

Reports submitted under this paragraph shall be in writing and shall be received by the Secretary within 5 working days after any representative of a person subject to the reporting requirements of this paragraph first determines that such condition exists. Notice of any such condition shall concurrently be supplied to appropriate State authorities.".

(2) INSPECTION AND MAINTENANCE PLANS.—Section 13 of such Act (49 U.S.C. App. 1680) is amended by inserting "Such plan shall include terms designed to enhance the ability to discover safety-related conditions described in section 3(a)(3)." after "need for pipeline safety.".

(b) AMENDMENTS TO HAZARDOUS LIQUID PIPELINE SAFETY ACT OF 1979.—

(1) REPORTING REQUIREMENT.—Section 203(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2002(a)) is amended—

(A) by designating the existing text as paragraph (1); and

(B) by adding at the end a new paragraph as follows:

"(2) Not later than 12 months after the date of the enactment of this paragraph, the Secretary shall issue regulations requiring each person who operates pipeline facilities to report to the Secretary—

"(A) any condition that constitutes a hazard to life or property, and

"(B) any safety-related condition that causes or has caused a significant change or restriction in the operation of pipeline facilities.

Reports submitted under this paragraph shall be in writing and shall be received by the Secretary within 5 working days after any representative of a person subject to the reporting requirements of this paragraph first determines that such condition exists. Notice of any such condition shall concurrently be supplied to appropriate State authorities.".

(2) INSPECTION AND MAINTENANCE PLANS.—Section 210 of such Act (49 U.S.C. App. 2009) is amended by inserting "Such plan shall include terms designed to enhance the ability to discover safety-related conditions described in section 203(a)(2)." after "pursuant to section 211.".

Amend the title so as to read:

A bill authorizing natural gas and hazardous liquid pipeline safety programs for fiscal years 1987 and 1988, and for other purposes.

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PURPOSE AND SUMMARY

H.R. 4426, as amended, extends the authorization for funding for the Natural Gas Pipeline Safety Act of 1965 (NGPSA) and Hazardous Liquid Pipeline Safety Act of 1979 (HLPSA) for fiscal years (FY) 1987 and 1988 and requires the Department of Transportation (also referred to as DOT and the Department) to issue regulations requiring the reporting of unsafe conditions.

1. H.R. 4426, as amended, authorizes appropriations totalling $8.5 million for the Department's pipeline safety activities and for grants-in-aid for federally certified state pipeline safety programs. For Fiscal Year 1987 the sum of $3.2 million is authorized for natural gas pipeline safety, $4.5 million is authorized for state grants-in-aid, and $800,000 is authorized for hazardous liquid pipeline safety. For Fiscal Year 1988, the sum of $3.3 million is authorized for natural gas pipeline safety, $4.5 million is authorized for state grants-in-aid, and $800,000 is authorized for hazardous liquid pipeline safety.

2. H.R. 4426 as amended also requires DOT to issue regulations that mandate the reporting of unsafe conditions. Currently, pipelines only are required to report actual accidents defined in the regulations as incidents.

BACKGROUND AND NEED FOR THE LEGISLATION

NATURAL GAS PIPELINE SAFETY ACT

The Natural Gas Pipeline Safety Act of 1968 provides for federal safety regulations of those facilities used in the transportation by pipelines of natural and other gases in or affecting interstate of foreign commerce. It established exclusive federal authority over interstate gas pipeline systems and granted the Department of Transportation overall responsibility for regulation of intrastate gas systems. The Act contains provisions allowing for state assumption of regulatory jurisdiction over intrastate systems.

The Department's responsibility for safety regulation of natural gas pipelines involves more than 2,300 operators of a gas pipeline network of more than 1.5 million miles. This includes almost 37,000 miles of transmission pipeline, 812,000 miles of distribution piping lines, and 406,000 miles of gas service lines. DOT is also responsible for regulating approximately 81,000 master meter operators. DOT regulatory programs funded by this authorization are intended to assure safety in the design, construction, testing, operation, and maintenance of gas systems.

HAZARDOUS LIQUID PIPELINE SAFETY ACT

The Hazardous Liquid Pipeline Safety Act of 1979 granted the Department substantially new regulatory and enforcement authority over liquid pipelines which parallels that granted by the NGPSA. Specific provisions allow for: (1) establishment of minimum federal safety standards governing the transportation of hazardous liquids by pipeline, (2) a program for federal-state cooperation in regulating intrastate liquid pipelines and federal financial assistance to state agencies, and (3) establishment of civil penalties

for violations of the federal standards to augment the criminal penalty provisions previously established by the Transportation of Explosives Act (Public Law 86–710).

Prior to the enactment of the Hazardous Liquid Pipeline Safety Act of 1979, DOT regulated the transportation of liquids by pipelines under authority granted by the Transportation of Explosives Act. This Act covered carriers operating pipelines transporting crude oil, petroleum products, and other hazardous liquids in interstate or foreign commerce. However, until the enactment of HLPSA, DOT lacked authority to regulate storage of hazardous liquids and intrastate pipeline transportation of hazardous liquids, or to impose civil penalties for violations of hazardous liquid pipeline standards.

Funding levels

[In millions of dollars]

Fiscal year:	
1985 authorization	8.60
1985 appropriation	8.71
1986 administration request	8.70
1986 appropriation after Gramm-Rudman-Hollings sequestration	7.77
1987 administration request	8.50
1988 administration request	8.60

GRANTS-IN-AID

The Natural Gas Pipeline Safety Act of 1968 presented an opportunity to implement a new concept for solving a national safety problem. NGPSA gave state governments, primarily through their utility regulatory commissions, an opportunity to participate voluntarily with the federal government in administering a natural gas pipeline safety program. Under this partnership concept any state agency, by complying with certain statutory procedures, may assume most aspects of safety regulation over gas facilities within its state. The program was authorized to provide reimbursement for up to 60 percent of the program costs incurred by the state.

In FY 1986, 46 states, Puerto Rico, and the District of Columbia participated in the Department's gas pipeline safety program. A total of $4.3 million in grants-in-aid funds was allocted to those state agencies which requested financial assistance to support their pipeline safety programs.

These Federal funds have been used to establish and expand gas pipeline safety activities at the state level. The availability of funds has enabled the states to finance personnel, equipment, and activities related to the gas pipeline safety program. In 1985, state agencies reported that their 228 inspection personnel performed 5,996 inspections of gas operators.

DOT estimates that the state agencies requesting financial assistance in FY 85 will have pipeline safety programs costing a total of over $10 million. The grants-in-aid program provides federal funds up to 50 percent of the cost of a state program. For FY 86, the Administration requested $4.5 million to fund the expenses of the states applying for grants-in-aid. This is the same amount appropriated in FY 85. Prior to the request to allow the same level of funding in FY 86 to cover both gas and liquid programs, the Adminis-

tration had never requested funding for the hazardous liquids grant program.

For 1984, the most recent year for which statistics are available, there were 35 deaths and 239 injuries from 1,200 gas pipeline accidents. In addition, there is environmental damage which does not show in the statistics.

HEARINGS

The Committee's Subcommittee on Fossil and Synthetic Fuels held one hearing on H.R. 4426 on March 18, 1986. Testimony was received form Ms. Cynthia Douglass, Administrator, Research and Special Programs Administration, U.S. Department of Transportation; Mr. Dale Johanson of the Missouri Public Service Commission, representing the National Association of Regulatory Utility Commissioners (NARUC); Mr. Dudley Dickson, Mayor of Westlake, LA; Mr. Joseph R. Horan of the Philadelphia Gas Works, representing the American Gas Association; Mr. James G. Baird of Unocal, Inc., representating the Association of Oil Pipelines; and Mr. Jerome J. McGrath of the Interstate Natural Gas Association of America.

Ms. Douglass testified concerning the details of the Department of Transportation's budget request for pipelines safety. She provided budget figures for both Fiscal years 1987 and 1988. Ms. Douglass also repeated the Administration's desire to merge the liquid and gas grant programs.

COMMITTEE CONSIDERATION

On April 29, 1986, the Subcommittee on Fossil and Synthetic Fuels met in open session and ordered reported the bill H.R. 4426, as amended, by a voice vote.

As introduced, H.R. 4426 was a single year authorization of the Natural Gas and Hazardous Liquid Pipeline Safety Acts with a requirement that user fees be collected to fund the program. Subsequent to introduction, the Omnibus Budget Reconciliation Act of 1985, which contained identical user fee language, was signed into law. Additionally, the Administration requested a two-year authorization and provided budget numbers for FY 88, the second year of the authorization.

The Subcommittee by voice vote reported out to H.R. 4426, with an amendment in the nature of a substitute, dropping the user fee language and including a second year's authorization.

The funding levels contained in the Subcommittee substitute are those requested in testimony by the Administration at the March 18, 1986 hearing:

[In millions of dollars]

	Fiscal year—	
	1987	1988
Natural Gas Pipeline Safety	3.2	3.3
Hazardous Liquid Pipeline Safety	0.8	0.8
Grants-in-aid	4.5	4.5
Total	8.5	8.6

The Committee met in open session on June 25, 1986, and ordered reported the bill H.R. 4426, as amended, by voice vote; a quorum was present. The Committee accepted an amendment offered by Representative Dannemeyer which would require DOT to issue regulations mandating that pipeline operators report severe safety conditions in addition to the accidents or incidents they are currently required to report.

Committee Oversight Findings

Pursuant to clause 2(l)(3)(A) of Rule XI of the Rules of the House of Representatives, the Subcommittee included oversight review of the program with the authorization hearing on March 18, 1986. Oversight findings and recommendations were noted in that hearing and subsequently discussed during the subcommittee and full committee mark-ups of the bill.

The Committee notes that there has been some recent progress in improving DOT's pipeline safety program. However, the Committee firmly believes that there are significant additional strides that can be made. A review of the program conducted during the March 18, 1986, hearing left the Committee uneasy about the lack of aggressive leadership in the pursuit of a cost effective, higher level of pipeline safety. The Office of Pipeline Safety should lead, challenge, criticize, innovate, and generally force the pipeline industry to the highest feasible safety standards.

The Committee has six recommendations:

1. The Department should require increased use of internal instrumented inspection devices, commonly known as "smart pigs."

Smart pigs provide a unique, environmentally acceptable way to inspect many pipelines and improve their safety records. The Department should require the use of smart pigs in those circumstances which will yield the greatest benefit. Increased use of smart pigs will likely decrease the cost of each inspection and improve reliability.

The Committee recommends that the Department set standards specifying where smart pig inspections would be required. These standards might be based on:

a. population density adjacent the pipeline,
b. unusual environmental circumstances that warrant a higher level of leak prevention,
c. leak history,
d. line size or line pressure,
e. type of line coating or absence of line coating, and
f. effectiveness of cathodic protection.

The Department could waive the mandatory use of smart pigs based on alternative equivalent tests if line geometry would prohib-

it the use of pigs or if the cost of such inspections would be excessive compared to the knowledge gained.

The Committee does not believe that the use of smart pigs can be universally justified but does believe that their increased use in the circumstances listed above is essential. The Committee notes that many of the nation's pipelines were designed for rural areas. With the rapid expansion of suburban areas, many of these former rural areas now contain subdivisions and shopping malls. Use of smart pigs in these areas is a cost effective way to assure a high level of safety in recently developed areas that have older pipelines.

The Committee has thoroughly reviewed the Department's report on smart pigs and suggests that the exclusive reliance on cost-benefit analyses to determine the circumstances for the use of smart pigs is inappropriate.

The Committee also notes that other advanced technologies can improve pipeline safety. As an example, the Committee believes that DOT should aggressively assist the Gas Research Institute in their research to use new technology to verify line cover over pipelines.

2. The Department should require the certification or licensing of pipeline operators.

Certification of operators and inpectors is required for similar professions, such as boiler operators and inspectors. The Committee recommends that DOT immediately begin developing a certification program required for all pipeline operators. While the Department may be interested in the results of the Alabama program to license operators, that experience should be used as a basis of how to establish a licensing program, not as an excuse to delay consideration of whether it should be done.

At the March 18, 1986, hearing, the Department testified that when the issue of certification of operators was addressed several years ago, DOT concluded that such certification was "properly a state prerogative, not a federal prerogative." The Committee rejects this view. The Committee notes that pipelines are the only form of transportation that do not already require a licensed operator.

Concerning the licensing of pipeline inspectors, the Department stated in a March 6, 1986, letter that a certification or licensing program could assist in raising the professionalism of state inspectors. The Department stated that because of state inspectors' diverse backgrounds in education and experience, the Department believes that the appropriate method to enhance their professionalism is "by increasing their knowledge and skills through training at RSPA's Transportation Safety Institute." This statement implies that certification and training at TSI are mutually exclusive. The Committee believes they are not. "Divergent backgrounds in education and experience" argue in favor of both TSI education *and* a certification procedure to ensure a *minimum* acceptable level of education and experience for inspectors.

3. The Department should clarify the term "unaccounted-for gas" and clearly identify the systems which represent imminent or potential safety problems.

Currently the concept of unaccounted-for-gas is only slightly correlated to a safety problem, since much unaccounted-for-gas is simply gas which is used without being metered.

A more useful concept might be "lost gas." "Lost gas" is gas which is not consumed and for which there is no explanation except leakage. High leakage is expected to have a strong correlation to safety problems. The Department should require the estimation of all gas consumption by distribution systems and publish this information in a form that indicates the potential or lack of potential for a system to be a safety hazard. The Committee believes that the Department has the information already in hand to do this expeditiously. However, the Committee believes that the Department has not been clear in organizing this information and communicating the safety condition of distribution systems to the Committee or the public. The Committee expects DOT to develop and clearly identify those systems with severe safety problems and to clarify the terms and measurement of "unaccounted-for-gas" so that individuals outside DOT can reasonably understand the safety derived significance of the numbers.

4. The Committee directs DOT to submit to the Committee a report on the advisability of holding operators and owners individually responsible for operation of pipelines with conditions known to be unsafe.

There is precedent for this concept in environmental areas as well as the engineering, architecture and medical professions. The Department may already have authority to hold operators individually responsible. The Committee wishes clarification on when this authority would be or has been utilized.

The report should also consider the possibility of imposition of the penalties for pipeline transmission companies that knowingly sell gas to distribution companies that the transmission company knows to be unsafe. DOT has advised the Committee that it may already have the authority to do this. The Committee recommends that DOT develop and publicize a plan for using this authority and seek any additional legislative authorization needed.

5. The Committee directs the Department to make improvements in its communications which will ensure notification of reportable incidents to appropriate agencies in each State, and to report to the Committee on improvements made and results achieved.

The Committee is concerned about reports it has received regarding poor communication between the Office of Pipeline Safety (OPS) and State agents with respect to reportable incidents on interstate transmission facilities. The Committee recognizes that progress has been made by the OPS to ensure that it is notified once a telephone report has ben made to the National Information Center. However, the Committee believes it also is vital for States, and in particular States which serve as agents for the Secretary with respect to interstate facilities, to receive notification at the earliest opportunity following discovery of a reportable incident.

Ths recommendation is a direct result of State concern voiced subsequent to the three accidents on the same pipeline system in Kentucky during 1985 and 1986.

6. The Committee directs the Department to include carbon dioxide (CO_2) pipelines in their regulation of hazardous liquids pipelines.

The Committee believes that due to both the high pressure and high volume of these lines, they constitutes a possible severe hazard that is not yet fully recognized. The Committee also notes that CO_2 is regulated as a hazardous material for truck and rail transportation but is not regulated as a hazardous material in pipelines. The Committee sees no rational explanation for this inconsistency and directs DOT to include CO_2 pipelines within their safety regulation.

If the Department feels it does not have sufficient authority with existing law to do this, it should advise the Committee.

Committee on Government Operations

Pursuant to clause 2(l)(3)(D) of rule XI of the rules of the House of Representatives, no oversight findings have been submitted to the Committee by the Committee on Government Operations.

Congressional Budget Office Estimate

U.S. Congress,
Congressional Budget Office,
Washington, DC, July 15, 1986.

Hon. John D. Dingell,
Chairman, Committee on Energy and Commerce, House of Representatives, Rayburn House Office Building, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has reviewed H.R. 4426, a bill authorizing natural gas and hazardous liquid pipeline safety programs for fiscal year 1987, and for other purposes, as ordered reported by the House Committee on Energy and Commerce, June 24, 1986. Enactment of the bill would have no net impact on the federal budget.

H.R. 4426 would authorize appropriations to the Department of Transportation for activities carried out under the Hazardous Liquid Pipeline safety and the Natural Gas Pipeline Safety acts. The bill would authorize $4.0 million and $4.1 million for fiscal year 1987 and 1988, respectively, for federal administrative activities and an additional $4.5 million each year for state grants. Under Title VII of the Consolidated Omnibus Budget Reconciliation Act of 1985, the costs of pipeline safety programs are to be offset by user fees imposed on pipeline operators. Thus, the amounts authorized in this bill, if appropriated, would be offset by collections from non-federal sources.

No costs would be incurred by state or local governments as a result of enactment of this bill.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

Rudolph G. Penner, *Director.*

Committee Cost Estimate

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representative, the Committee concurs with the Congressional Budget Office cost estimate.

Inflationary Impact Statement

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee makes the following statement with regard to the inflationary impact of the reported bill:

The Committee does not foresee any inflationary impact of a material nature as a result of the pipeline program.

Section-by-Section Analysis

Sections 1 and 2

H.R. 4426, as amended, provides the budget authorization for the pipeline safety program in the Department of Transportation. A total of $8.5 million is authorized to be appropriated to the program for fiscal year 1987 and $8.6 million for Fiscal Year 1988. The total is divided among three areas:

—$3.2 million in FY87 and $3.3 million in FY88 for continued operation of the pipeline safety program for the transportation of natural gas under the Natural Gas Pipeline Safety Act of 1968, as amended;

—$4.5 million in both FY87 and FY88 for the grants-in-aid program for the states which assist DOT in the enforcement of the NGPSA and the pipeline safety regulations applicable to the transportation of natural gas; and

—$800,000 in both FY87 and FY88 for safety activities authorized under the Hazardous Liquid Pipeline Safety Act of 1979.

Section 1 contains the authorization for the Natural Gas Pipeline Safety Program and the state grants. Section 2 contains the authorization for the Hazardous Liquids Program.

Section 3

Section 3 contains additional reporting requirements. Historically pipeline operators were only required to report pipeline "incidents." The specific requirements were detailed in 49 CFR 191.3 for natural gas. An incident is basically a major pipeline accident. Near accidents or severe conditions have not required reports. A company could simply correct the condition without advising anyone of the problem. Section 3 corrects this deficiency. DOT must now issue regulations requiring a pipeline to report all severe unsafe conditions to DOT and the appropriate state authority. The intent of this section is to provide safety regulating authorities with greater information on the condition of pipelines subject to the reporting requirements of the NGPSA and HLPSA.

The federal and state regulators will be expected to review proposed corrective action to assure that it is appropriate for the severity of the condition.

Two types of conditions are required to be reported. The first is conditions that constitute a hazard to life or property. In determining a condition that constitutes a hazard to life or property, it is

not the intention of the Committee to require reporting of routine replacement, repair or other types of maintenance. It is the Committee's intent that reports be rendered to the Secretary and appropriate state authority when the circumstances or the physical characteristics of the pipeline facilities change to the extent that a severe and proximate hazard to life or property exists requiring expeditious corrective action.

The Committee expects both isolated conditions and aggregate conditions to be included. Any single severe condition must be reported as well as a severe safety hazard that exists because a number of less severe conditions in total may indicate a deteriorated or questionable system. For example, extensive corrosion along a pipeline might require notification even if each individual example of the corrosion would not require reporting.

Second, any safety-related condition that causes or has caused the operator to restrict operating conditions would require reporting. For example, if an operator found evidence of extensive corrosion or flaws in a pipeline, the operator might simply reduce the operating pressure and continue to operate the line. This reduction in pressure would eliminate the potentially unsafe condition. These reductions in pressure and other similar operating restrictions would require reporting.

The Committee has required that written reports be made within five working days of discovery of an unsafe condition. This method was selected over a telephone report to allow for accurate tramsmittal of complete information to DOT. The Committee emphasizes that DOT must receive the report within five days of discovery. To ensure that this occurs, operators should avail themselves of overnight delivery services or electronic mail. If necessary, DOT should establish an electronic mail box for this purpose.

The five working days starts from the time any individual or representative determines that a severe safety related condition exists. If a field inspector is the first individual to observe the problem, the five day period starts when he first determines there is a severe problem, not when higher management is advised of the problem.

The Committee notes that the reporting of conditions as opposed to incidents is a significant change in the pipeline safety program. Historically, the program has been a reactive one. If there was an accident, there was an enforcement action. Near accidents were not reported, and enforcement action typically was not taken. The reporting of conditions will allow DOT to take action prior to an accident. The Committee feels this is a significant improvement and expects the Department to use the additional information to aggressively correct potential hazards.

Changes in Existing Law Made by the Bill, As Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NATURAL GAS PIPELINE SAFETY ACT OF 1968

STANDARDS ESTABLISHED

SEC. 3. (a)(1) * * *

* * * * * * *

(3) Not later than 12 months after the date of the enactment of this paragraph, the Secretary shall issue regulations requiring each person who operates pipeline facilities, not including master meters, to report to the Secretary—

(A) any condition that constitutes a hazard to life or property, and

(B) anay safety-related condition that causes or has caused a significant change or restriction in the operation of pipeline facilities.

Reports submitted under this paragraph shall be in writing and shall be received by the Secretary witnin 5 working days after any representative of a person subject to the reporting requirements of this paragraph first determines that such condition exists. Notice of any such condition shall concurrently be supplied to appropriate State authorities.

* * * * * * *

INSPECTION AND MAINTENANCE PLANS

SEC. 13. Each person who engages in the transportation of gas or who owns or operates intrastate pipeline transportation facilities shall prepare, maintain at such office or offices of that person as the Secretary determines appropriate, and carry out a written current plan for inspection and maintenance of each facility used in such transportation and owned or operated by such person, and any changes in such plan, in accordance with regulations prescribed by the Secretary or appropriate State agency. The Secretary may, by regulation, also require persons who engage in the transportation of gas or who own or operate pipeline facilities subject to the provisions of this Act to file such plans for approval. If at any time the agency with responsibility for enforcement of compliance with the standards established under this Act finds that such plan is inadequate to achieve safe operations, such agency shall, after notice and opportunity for a hearing, require such plan to be revised. The plan required by the agency shall be practicable and designed to meet the need for pipeline safety. *Such plan shall include terms designed to enhance the ability to discover safety-related conditions described in section 3(a)(3).* Such plans shall be made available to the Secretary or the appropriate State agency upon request pursuant to section 14. In determining the adequacy of any such plan, such agency shall consider—

(1) relevant available pipeline safety data;

(2) whether the plan is appropriate for the particular type of pipeline transportation;

(3) the reasonableness of the plan; and

(4) the extent to which such plan will contribute to public safety.

* * * * * * *

APPROPRIATIONS AUTHORIZED

SEC. 17. (a) For the purposes of carrying out the provisions of this Act (other than provisions for which funds are authorized to be appropriated under subsection (b)), there are authorized to be appropriated—

(1) $6,200,000, for the fiscal year ending September 30, 1980;
(2) $6,900,000, for the fiscal year ending September 30, 1981;
(3) $3,472,000, for the fiscal year ending September 30, 1985; [and]
(4) $4,450,000, for the fiscal year ending September 30, 1986[.];
(5) $3,200,000 for the fiscal year ending September 30, 1987; and
(6) $3,300,000 for the fiscal year ending September 30, 1988.

* * * * * * *

(c) For the purpose of carrying out the Federal grants-in-aid provisions of section 5(d) of this Act and section 205(d) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2004(d)) there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1986, *$4,500,000 for the fiscal year ending September 30, 1987, and $4,500,000 for the fiscal year ending September 30, 1988.*

* * * * * * *

HAZARDOUS LIQUID PIPELINE SAFETY ACT OF 1979

TITLE II—LIQUID PIPELINE SAFETY

* * * * * * *

REGULATIONS GOVERNING HAZARDOUS-LIQUID PIPELINE FACILITIES

SEC. 203. (a) *(1)* The Secretary shall, by regulation, establish minimum Federal safety standards for the transportation of hazardous liquids and pipeline facilities. The standards shall apply to each person who engages in the transportation of hazardous liquids or who owns or operates pipeline facilities. The standards shall be practicable and designed to meet the need for safe transportation of hazardous liquids.

(2) Not later than 12 months after the date of the enactment of this paragraph, the Secretary shall issue regulations requiring each person who operates pipeline facilities to report to the Secretary—

(A) any condition that constitutes a hazard to life or property, and

(B) any safety-related condition that causes or has caused a significant change or restriction in the operation of pipeline facilities.

Reports submitted under this paragraph shall be in writing and shall be received by the Secretary within 5 working days after any representative of a person subject to the reporting requirements of this paragraph first determines that such condition exists. Notice of any such condition shall concurrently be supplied to appropriate State authorities.

* * * * * * *

INSPECTION AND MAINTENANCE

SEC. 210. (a) Each person who engages in the transportation of hazardous liquids or who owns or operates pipeline facilities shall prepare, maintain at such office or offices of that person as the Secretary determines appropriate, and carry out a current written plan for inspection and maintenance of each facility used in that transportation and owned or operated by that person in accordance with regulations prescribed by the Secretary or, where a certification or agreement pursuant to section 205 of this title is in effect, by the appropriate State agency. The Secretary may, by regulation, also require persons who engage in the transportation of hazardous liquids or who own or operate pipeline facilities subject to the provisions of this title to file such plans for approval. A plan required by this subsection shall be practicable and designed to meet the need for pipeline safety and shall be made available to the Secretary or appropriate State agency upon request pursuant to section 211. *Such plan shall include terms designed to enhance the ability to discover safety-related conditions described in section 203(a)(2).*

* * * * * * *

APPROPRIATIONS AUTHORIZED

SEC. 214. (a) For the purpose of carrying out the provisions of this title (other than provisions for which funds are authorized to be appropriated under subsection (b) or section 17(c) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(c)), there are authorized to be appropriated—

(1) $1,800,000, for the fiscal year ending September 30, 1980;
(2) $2,100,000, for the fiscal year ending September 30, 1981;
(3) $900,000, for the fiscal year ending September 30, 1985;
[and]
(4) $875,000, for the fiscal year ending September 30, 1986[.];
(5) $800,000 for the fiscal year ending September 30, 1987; and
(6) $800,000 for the fiscal year ending September 30, 1988.

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ADDITIONAL VIEWS OF GERRY SIKORSKI

Significant tough new pipeline safety requirements are contained in Section #3 of H.R. 4426. Since Committee action on June 26, 1986, a major pipeline explosion in Minnesota has underscored the importance of such improvements in federal regulation.

In the early morning hours of July 8, 1986, a quiet neighborhood in Mounds View, Minnesota was ripped apart by explosions from a leaking gasoline pipeline. A woman and her seven-year-old daughter were killed in the resulting fire, and another woman was severely burned.

The pipeline that exploded passes through a number of towns that I represent, and several other pipelines operated by the same company traverse my district as well. In examining this issue, my staff and I have spoken with a number of key federal, state and local officials involved in the accident investigation.

Several important issues, both general and specific, have emerged during the course of these discussions which I believe the Congress should take into account as it considers future pipeline safety legislation.

(1) *Pipeline testing methods ordered by the Department of Transportation (DOT) are inadequate and may, in fact, contribute to accidents in the long term.*—State and federal pipeline regulators frequently recommend the use of hydrostatic testing before allowing a pipeline to be returned to service following an accident. In this procedure, the pipeline is filled with water and pressurized to determine if it is capable of withstanding certain pressures. Flaws which may not be so severe as to rupture at the time of testing will not be detected. Yet these same flaws can be aggravated under the high pressures of the test, much the same way that bending a paper clip weakens it without causing it to break. During the course of normal pressure cycles, the flaw may propogate and eventually fail. Recommendation #1 in the Committee oversight findings is a start at addressing this problem. This recommendation requires the increased use of instrumented inspection devices known as "smart pigs" in certain situations, such as pipelines located in urban or suburban areas like Mounds View. Smart pigs will not detect all possible fail modes or flaws, but can decrease the likelihood of failure by providing greater information regarding the condition of the line.

(2) *Generally, pipeline testing is conducted in neither a rigorous scientific nor systematic fashion. This places public health and safety at risk.*—The Mounds View case is particularly instructive on this point. In 1984, this same pipeline was hydrostatically tested under order by the Department of Transportation. An attempt was made to pressurize the pipeline 2,400 pounds per square inch. This pressure level was never achieved, because the pipe ruptured in 16 different places during the test. A pressure level of 1,900 pounds

was finally achieved, an apparently arbitrary maximum operating pressure of 1,500 pounds was finally ordered. The pipeline was operating at 1,480 pounds when it ruptured in the Mounds View accident.

According to representatives of the National Transportation Safety Board (NTSB), the 1984 test produced absolutely no useful information to assist investigators in determining the causes of the 16 ruptures that occurred during the test. In addition, it may have contributed to the accident at Mounds View. While we can only hypothesize that testing the pipe at such high pressures may have contributed to the accident last month, we can state with great certainty that this test did not provide officials with sufficient data to determine a safe operating level for permanent operation of the pipeline. Clearly, 1,500 pounds was too high. It is unconscionable that we are left to discover this fact only when a woman and her child are killed, and their neighborhood laid to waste.

What is most incredible, and of greatest concern to the citizens of Minnesota, is that DOT seems poised to repeat these same mistakes in its current handling of the Mounds View accident. According to the DOT order, the pipeline will be hydrostatically tested at 1,500 pounds. If there are no ruptures, the pipe will be allowed to operate at 900 pounds. Once again, the hydrostatic test may add to metal fatigue. Once again, it may not tell us anything about flaws in the pipe not severe enough to rupture at the time of the test. And once again, this lack of information could lead to another accident.

Laboratory testing of pipelines has revealed that identical pipe can rupture at widely varying pressures. According to NTSB staff, pipe has successfully sustained 4,000 pounds of pressure while other, superficially similar pipe failed at 900 pounds. Only more detailed metallurgical studies can provide the information needed to determine whether this pipeline can operate safely at 900 pounds—or at any other pressure, for that matter. Such tests are not now required by the DOT order for this case. According to NTSB representatives, the 900 pound operating level ordered by DOT is not based on any scientific or statistical analysis, but is predicated, rather, on what the owner needs to operate the pipeline profitably.

(3) *Dangerous liquid fuel pipelines can be built in the midst of populated areas due to the lack of federal siting standards.*—Throughout my investigation of this matter, I have continually been struck by the Department of Transportation's lack of initiative in enforcing pipeline safety. No single issue illustrates this fundamental problem more than the lack of siting standards for liquid fuel pipelines. Although the Office of Pipeline Safety at DOT enforces siting standards for natural gas pipelines, this same office has failed to carry out the explicit recommendation of the National Transportation Safety Board that DOT promulgate and apply such standards for equally dangerous liquid pipelines.

The Office of Pipeline Safety at DOT is the federal regulator for pipeline safety. Human lives depend on how well it performs that job. I find it totally unacceptable that such experts, entrusted with great responsibility, lack the initiative to apply the strict safety standards needed to protect the public. While we may excuse the prior lack of government concern that allowed a hazardous pipeline

to be built in an already populated suburb in 1957 (aerial photographs show that the Mounds View accident area was already well settled at the time of pipeline construction), we cannot excuse a failure on the part of government to promulgate such standards in the wake of horrific accidents that have occured in the intervening years. If DOT continues to ignore its authority—and responsibility—to issue siting standards for hazardous liquid pipeline, then Congress will have to use its legislative powers to compel them into doing their job. I have therefore suggested an amendment to H.R. 4426 that would require federal standards for the siting of hazardous liquid pipelines. This amendment could be added to H.R. 4426 during consideration of the bill by the Committee on Public Works and Transportation Committee, or during other action on federal pipeline safety law. It is urgently needed.

In conjunction with tougher safety regulations for existing pipelines, federal siting standards could significantly reduce the potential for fatal accidents along our nation's pipeline system. Safety is too important to leave to individuals within the Department of Transportation who are conducting business as usual while an aging national pipeline network threatens the lives of our citizens.

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